

Treasury Sales Team

Head of Sales

Ottó Demjén

+36 1 288 7558

Otto.Demjen@otpbank.hu

Retail

Zsigmond Csillag

+36 1 288 7556

zsigmond.csillag@otpbank.hu

Attila Keresztyén

+36 1 288 7552

KeresztyenA@otpbank.hu

István Milán Nagy

+36 1 288 7554

milan.nagy@otpbank.hu

Frigyes Soós

+36 1 288 7571

SoosF@otpbank.hu

Institutional

Lóránt Fábán

+36 1 288 7572

Lorant.Fabian@otpbank.hu

Szilvia Lovas

+36 1 288 7545

LovasSz@otpbank.hu

János Mladoniczki

+36 1 288 7551

MladoniczkiJ@otpbank.hu

Corporate

Nóra Ilona Gordos

+36 1 288 7549

Nora.Ilona.Gordos@otpbank.hu

János Imrei

+36 1 288 7555

janos.imrei@otpbank.hu

Csinszka Kis-Böndi

+36 1 288 7544

Kis-bondics@otpbank.hu

Roxána Kosztelnik

+36 1 288 7541

roxana.kosztelnik@otpbank.hu

Edit Kovács Gyimóti

+36 1 288 7542

KovacsGyE@otpbank.hu



Daily Report

Summary

- Trade war concerns eased as the USA invited China to resume talks.
- Europe's stock markets posted modest gains; the Dow and the S&P climbed back into positive territory, the tech sector was under pressure.
- The ECB and the Bank of England are to hold rate-setting meetings today.

Europe's stock markets recovered from Tuesday's drops; the Stoxx600 upped 0.5% in Wednesday's session. The FTSE gained 0.6%, the DAX upped 0.5%, and the CAC40 advanced 0.9% by the close. It was mainly commodity producers who fuelled the Pan-European index's growth. For the first time in months, Brent exceeded the 80 USD/barrel line, as statistics signified a decline in US oil inventories. Mining companies' share prices moved upward, while futures for copper fell 0.9%, aluminium dived 2.4% and zinc sank 3% on the London Metal Exchange. The Dutch-based Galapagos biotech company rallied 18% on news that one of its original medicines passed Phase 3 test. Spain's Inditex surged 4.1% on the announcement that the company expects improving profit margin in the second quarter. Fiat Chrysler jumped more than 4% –the company is reported to be selling its Magneti Marelli parts business for more than EUR 6 billion. Britain's SSE energy service provider nose-dived 8%, after issuing profit warning.

On the other side of the Atlantic, the key stock indices climbed into the green by the close, but all technology benchmarks ended in the red. The Nasdaq100 shed 0.3%, the Nasdaq Composite slipped 0.2%, and technology was among the weakest sectors within the S&P, along with financial service providers. Chipmakers were hit particularly hard (Micron: -4.3, Applied Materials: -2.0%, Analog Devices: -2.4%), as were social media platforms (Google: -1.5%; FB: -2.4%, Twitter: -3.7%, Snap: -7.0%). On Wednesday the European Parliament voted to approve reforms to copyright law: the EU will allow copyright holders to charge tech giants for aggregating their content on various platforms ('link tax'). The presentation of the new series of iPhones did not boost Apple, whose share price shrank 1.2% yesterday. An article in the Wall Street Journal helped ease trade war anxiety, as the piece suggested that the USA was prepared to resubmit talks with China before imposing a new round of tariffs on it. The source, speaking on condition of anonymity, said that the negotiations would be headed by US Secretary of the Treasury Steven Mnuchin. In its Beige Book the Fed warned, citing the latest data, that the implementation of protectionist tariffs had impeded US investment and raised input costs. But the energy sector fared well yesterday; fears surrounding the Florence hurricane any possible supply problems drove the WTI's price above 70 USD/barrel.

The CEE region's stock markets moved mixed yesterday: while Prague's PX upped 0.7%, Warsaw's WIG lost 1.7%, and Budapest's BUX closed 0.7% down. MTelekom was the only Hungarian blue chips to avoid losses, by stagnating at HUF 408. Starting from 24 September, the components of the BUX, BUMIX and CETOP indices will change, the Budapest's announced. As a result, Zwack Unicum will be removed from the BUX basket.

Throughout Wednesday morning, the EUR/HUF oscillated around Tuesday's close, before the EP voting pushed it above 326. A subsequent consolidation led the cross to 324, marking 0.1% forint weakening. The USD/HUF printed a similar pattern, but the forint could eke out a small gain by the end of the day. The euro's slight appreciation pushed the EUR/USD 0.2% higher on Wednesday. The GBP/HUF barely changed.

In Hungary, long-term government bond yields rose by 1–4 basis points yesterday. Today the ÁKK will hold 3Y, 5Y and 10Y government bond auction, putting up for sale HUF 20bn, 20bn, and 15 bn government debt respectively.

Asia's stock markets closed in positive territory this morning, benefiting from the resumption of US-China talks. S&P futures were seen mildly in the red.

Today's rate-setting meetings of the ECB and the Bank of England are expected to leave their policy rates unchanged.

Today the USA will release inflation statistics and the federal budget balance for August.

	Stocks				Bonds				Commodity & FX			
	Product name	Close	Daily change (%)	YTD (%)	Product name	Yield	Daily change*	YTD	Product name	Close	Daily change (%)	YTD (%)
Global	S&P500	2888,9	0,0	8,1	VIX	13,1	-0,6	19	WTI	70,4	0,8	16,5
	DOW	25998,9	0,1	5,2	US 2Y	2,75	0	86	Brent	79,74	0,9	19,2
	Nasdaq100	7488,1	-0,3	17,1	US 10Y	2,96	-2	55	Gold	1205,5	0,7	-7,4
	DAX	12032,3	0,5	-6,9	GER 2Y	-0,56	-2	8	Silver	14,21	0,9	-16,1
	CAC40	5332,1	0,9	0,4	GER 10Y	0,42	-2	-1	EUR/USD	1,16	0,2	-3,1
	FTSE 100	7313,4	0,5	-4,9	PT10Y	1,89	-3	-4	EUR/GBP	0,89	0,1	0,3
	FTSE MIB	20963,0	0,5	-4,1	IT 10Y	2,79	2	80	EUR/NOK	9,60	-0,6	-2,5
	Stoxx600	377,1	0,5	-3,1	SP 10	1,48	0	-9	USD/CAD	1,30	-0,5	3,3
	- Banks	133,6	0,1	-19,0	iTRAXX	61,4	0,5	36	AUD/USD	0,72	0,6	-8,1
	Nikkei 225	22815,5	0,9	0,2	JPY 2Y	-0,11	0	3	USD/JPY	111,25	-0,3	-1,3
	SSEC	2669,4	0,5	-19,3	JPY 10Y	0,11	0	6	GBP/USD	1,30	0,1	-3,4
Regional	RTS	1071,3	1,5	-7,2	RUS10	8,9	-1,3	17	USD/RUB	68,945	-0,6	19,6
	WIG20	2210,16	-1,7	-10,2	POL 10	3,2	-1,3	-2	EUR/PLN	4,31	0,1	3,1
	PX50	1089,3	0,7	1,0	CZ10	2,2	0,2	42	EUR/RON	4,633	0,1	-0,9
Hungary	BUX	36104	-0,7	-8,3	3M DKJ	0,21	0	17	EUR/HUF	324,88	0,1	4,6
	OTP	9975	-0,6	-6,9	1Y	0,59	0	54	USD/HUF	279,33	-0,1	7,9
	MOL	2840	-0,8	-5,5	3Y	1,74	1	119	CHF/HUF	287,62	0,1	8,5
	MTelekom	408	0,0	-10,9	5Y	3,03	4	186	PLN/HUF	75,40	0,1	1,5
	Richter	5200	-0,8	-23,3	10Y	3,58	-2	154	GBP/HUF	364,29	0,1	4,3

* In the case of bond yields, the change is in basis points instead of percentage (VIX and ITRAXX not included).

Sources: Reuters, OTP Research

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2018 9. 10.	9 : 00	TR GDP (yoy, %)	Q2	5,2	-	7,4
	9 : 00	TR GDP (qoq, %)	Q2	0,9	-	2,0
	10 : 30	UK Industrial production (mom, %)	Jul	0,1	0,2	0,4
11.	9 : 00	HU Inflation (yoy, %)	Aug	3,4	3,3	3,4
	9 : 00	HU Core inflation (yoy, %)	Aug	2,2	-	2,4
	11 : 00	DE ZEW Economic Sentiment (points)	Sept	-10,6	-14,0	-13,7
12.	9 : 00	FR Jean-Claude Juncker's State of the Union Speech	-	-	-	-
	9 : 00	HU Industrial production (second estimate, yoy, %)	Jul	6,2	-	6,2*
	11 : 00	EZ Industrial production (mom, %)	Jul	-0,8	0,1	-0,7
	20 : 00	US Fed Beige Book	-	-	-	-
13.	8 : 00	DE CPI (final, yoy, %)	Aug	2,0	2,0	2,0*
	13 : 00	UK Interest rate decision (%)	Sept		0,8	0,8
	13 : 45	EZ Interest rate decision (deposit rate, %)	Sept		-0,4	-0,4
	13 : 45	EZ Interest rate decision (lending rate, %)	Sept		0,0	0,0
	14 : 30	US CPI (yoy, %)	Aug		2,8	2,9
	14 : 30	US CPI (mom, %)	Aug		0,2	0,2
	14 : 30	US core-CPI (yoy, %)	Aug		2,4	2,4
	14 : 30	US core-CPI (mom, %)	Aug		0,2	0
	20 : 00	US Federal budget balance (USDbn)	Aug		-	-77,0
14.	4 : 00	CN Industrial production (yoy, %)	Aug		5,9	6,0
	4 : 00	CN Retail sales (yoy, %)	Aug		8,7	8,8
	4 : 00	CN Infrastructural spending (yoy, %)	Aug		5,5	5,5
	9 : 00	HU Construction output (yoy, %)	Jul		-	28,2
	14 : 30	US Retail sales (mom, %)	Aug		0,4	0,5
	15 : 15	US Industrial production (mom, %)	Aug		0,3	0,1
	16 : 00	US Michigan Consumer confidence (preliminary, points)	Sept		96,5	96,2
	16 : 00	US Business inventories (mom, %)	Jul		0,3	0,1

* preliminary data

Sources: Reuters, OTP Research

Chief Economist
Gergely Tardos
tardosg@otpbank.hu
+36 1 374 7273

Analyst
Orsolya Rátkai
ratkaio@otpbank.hu
+36 1 374 7270

Disclaimer

- The statements in this document shall not be considered as an objective or independent explanation of the matters. Please note that this document (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and (b) is not subject to any prohibition on dealing ahead of the dissemination or publication of investment research.**
- This communication does not contain a comprehensive analysis of the described issues. No part, chapter, or the entirety of this information shall be considered as investment recommendation, an offer or solicitation for the purchase or sale of any financial instrument, inducement to invest, financial or investment analysis, investment research or marketing communication, not even if any part of this document contains a description of a certain financial instrument in terms of its possible price or yield development, and the related investment options; the data herein are for informational purposes only. This document shall not be considered as investment recommendation falling under Directive 596/2014/EU of the European Parliament and of the Council. This document does not take into account investors' individual interests, circumstances, or objectives; therefore, in the absence of personal recommendation, it shall not be considered as investment advice. OTP Bank intends to make this document available to its clients or to the public, or to make it accessible to other persons in such a way that allows this document to be disseminated to the public.
- Information herein reflects the market situation at the time of writing. However, it provides only momentary information and may change as market conditions and circumstances develop. You may request more information from OTP Bank. Although the information in this document has been prepared in good faith from sources that OTP Bank believes to be reliable, we do not represent or warrant its accuracy or completeness. This document was prepared using data, facts and information from the following essential sources: Bloomberg, Reuters, KSH (Hungarian Central Statistical Office), Eurostat, Magyar Nemzeti Bank (Hungary's central bank) ÁKK (Hungary's Government Debt Management Agency), and European Central Bank (ECB). The opinions and estimates in this document are based on the opinion of OTP Research's analyst(s) at the time when the document was prepared, and they may be subject to change at any time in the future without further notice. You may receive different recommendation from the staff of OTP Bank, in particular if you are provided investment advice based on an investment advice agreement.
- This publication contains generic presentation of information and knowledge, thus it does not take into account the individual clients' unique and special interests, financial condition, or their ability and willingness to take risks. Therefore please contact our staff or contact your banking consultant for advice before you make an investment decision. The assessment and the consideration of the individual circumstances is provided by the suitability and appropriateness tests that assess clients' financial knowledge, experience, risk-taking abilities, as well as the examination of the target market.
- Before making an informed decision to invest and to use the services, please carefully read through all documents, including the documentation, prospectus, regulations, terms and conditions, announcements and key information documents for that product/service, and carefully consider the subject, the risk, the fees and costs of your investment, the possibility of any loss, and seek information about the tax regulations regarding the product and the investment. The prices of financial instruments and securities are changing, outright sales are realized at then current market prices, which may involve losses. The information and opinions in this document do not substitute or take the place of the issuance documentation for the given financial assets (e.g. prospectus, fund management rules), or their brochures or announcements.
- You assume total responsibility and risk for any specific decision or investment; OTP Bank shall not be held responsible for the effectiveness of investment decisions or for reaching your purpose, nor for the individual investment decision made based on this document or any part thereof, or for their consequences. Investments in financial instruments carry a certain degree of risk, which may affect the effectiveness of the investment decision, and investors may not receive the whole amount they expected the investment to yield in their investment targets; they may not preserve even the invested amount, therefore the invested capital might even decrease, be wholly lost, or even lead to additional payment obligation.
- Trading with leveraged products (such as foreign exchange contracts) or with shares and indices that have underlying products carries a considerable amount of risk, and these products are not suitable for all investors. Trading with leveraged products carries the risk of losing all capital, and it may incur losses that exceed the amount invested.
- The figures and information described herein refer to yields or changes in the past. Past performance is not a reliable indicator of future yields, changes, or performance.** The changes on money and capital markets, the fluctuation of prices, the development of investments and their yields are influenced by the combined effect of multiple factors; one important factor of them is the change in investors' expectations. **The development of prices, the future yield of financial assets, indices or indicators, the examination of their changes, trends, and future performance is based on estimations and forecasts, which forecasts do not allow reliable conclusions to be drawn about the future moves of prices, real future yields, changes, or performance.** For each product and service, please assess their tax accounting implications, and other tax consequences, taking into account that they cannot be precisely assessed without knowing the effective tax regulations or the client's individual circumstances; and these legislative provisions as well as the circumstances may change over time.
- This document shall not be a basis for any further analysis in relation to the financial instruments contained therein. Any reference in this document to the future distribution of a financial instrument shall be construed as indicative, preliminary and informative, and any analysis of such financial instrument is exclusively based on publicly available information listed in the respective prospectus or announcement. The content of this document shall not imply that OTP Bank acts as an agent, a fiduciary, or an advisor to, or on behalf of, any prospective purchaser of the financial instruments discussed herein.
- For certain persons, access to the products and/or services discussed in this document may not be granted, or it may be limited. The act of preparing this document by OTP Bank, its uploading to the website, its publication may under no circumstances be considered as OTP Bank's intention to make available the product and/or service information in the prospectus to persons whom any country or state prohibits from having or obtaining the given product and/or service, including the promotion and the advertisement thereof.

11. OTP Bank maintains a conflict of interest policy and it keeps such records, and it also has requirements that regulate the transmission of bank secrets and securities secrets, which requirements shall be considered as the effective internal organizational and management solutions as well as information barriers to prevent or manage conflicts of interest.
OTP Bank has developed appropriate internal procedures for (i) the personal transactions and trading of financial analysts and other relevant persons, (ii) the physical separation of the financial analysts involved in the production of investment research and other relevant persons; moreover, information barriers have been implemented, (iii) for accepting and managing incentives and remuneration.
Please be informed that OTP Bank is entitled to deal or trade as market maker, acting in good faith and in accordance with the usual way of market-making, with the financial instruments distributed by the issuer(s) specified in this document, as well as to provide other investment activities or ancillary (investment) services, and/or other financial or ancillary financial services to the issuer and other persons.
12. Previous documents on investing in this asset or product are available on the website of OTP Research: www.otpresearch.com
13. OTP Bank (company registration number: 01-10-041-585; registered seat: Nádor utca 16., Budapest H-1051, Hungary. Supervisory authority: Magyar Nemzeti Bank (National Bank of Hungary – H-1054 Budapest, Szabadság tér 9); financial customer services: H-1013 Budapest, Krisztina krt. 39. PSZÁF licence numbers: III/41.003-22/2002 and E-III/456/2008; further information: <https://www.otpbank.hu/portal/hu/Megtakaritas/Ertekpapir/MIFID>).
All rights reserved. This document is solely owned by OTP Bank. No part of this material can be reproduced, re-used, disseminated, made available, re-published, referenced to, or inserted in other websites or services without the prior written consent of OTP Bank.
14. If you received this document from OTP Bank Plc, then it was sent to you with your previous consent. You may withdraw this permission by sending an e-mail to research@otpbank.hu or by writing a letter to 'Research Center', Hungary H-1051, Budapest, Nádor utca 21. Please refer to your name and e-mail address in both cases.
Data management registration number: NAIH-89457/2015
15. The personal data in this investment research are processed by OTP Bank. The legal basis for processing the data is the legitimate interest of OTP Bank. The detailed information about the processing of personal data and the related rights of data subjects is available [here](#).

This document was prepared on 13 September 2018.

Disclaimer for OTP Bank Romania S.A. customers

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centred on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses,

detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved – OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: 01-10-041585; NBR registration no RB-PJR-40-028/1999; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to newsletters@otpbank.ro or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases.